

Message Text

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ACTION IO-13

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E.O. 11652: N/A

TAGS: FAO, ECON, OCON

SUBJ: 11TH SESSION FAO INTERGOVERNMENTAL GROUP IN OILSEEDS,

OILS AND FATS AND STATISTICAL SUB-GROUP, ROME, MARCH

7-11

SUMMARY: THE FAO INTERGOVERNMENTAL GROUP ON OILSEEDS, OILS AND FATS COMPLETED ITS ELEVENTH MEETING IN A BUSINESSLIKE MANNER WHICH RESULTED IN STRONG SUPPORT FOR FAO INVOLVEMENT IN JUNE UNCTAD PREPARATORY MEETING ON OILSEEDS AND VEGETABLE OILS. TECHNICAL DISCUSSIONS WERE UNEVENTFUL. NEXT MEETING OF THE GROUP IS CONTEMPLATED FOR SPRING OF 1978 AT A DATE TO BE DETERMINED IN CONSULTATIONS BETWEEN NEW CHAIRMAN (U.S.) AND FAO SECRETARIAT, TAKING ACCOUNT OF UNCTAD WORK. END SUMMARY.

1. REPRESENTATION INCLUDED: 62 COUNTRIES, EC REPRESENTATIVE, OBSERVERS FROM 8 INTERGOVERNMENTAL ORGANIZATIONS AND 3 NON-GOVERNMENTAL ASSOCIATIONS.

2. THE GROUP ELECTED THE FOLLOWING OFFICERS: CHAIRMAN GEORGE C. WANAMEKER (U.S.); FIRST VICE CHAIRMAN H. CARANDANG (PHILIPPINES); AND SECOND VICE CHAIRMAN M. PARVEZ (PAKISTAN). THIS WAS THE FIRST TIME THE U.S. HAS ACCEPTED ANY EXECUTIVE UNCLASSIFIED

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POSITION IN THIS INTERGOVERNMENTAL GROUP.

3. HIGHLIGHTS OF 1977 PRODUCTION AND EXPORTABLE SUPPLIES OF MAIN FATS AND OILS:

(A) WORLD PRODUCTION OF MAIN FATS AND OILS MAY FALL TO 47.5 MILLION TONS, A DECLINE OF 1.1 MILLION TONS, OR 2

PERCENT, AND 1.3 MILLION TONS BELOW 1965-1975 LONG-TERM TREND.

(1) PRODUCTION AND EXPORT AVAILABILITIES ARE FORECAST TO BE LARGER IN DEVELOPING COUNTRIES (I.E. LATIN AMERICA AND MALAYSIA), BUT SHARPLY SMALLER IN NORTH AMERICA AND THE USSR. BRAZILIAN SOYBEAN CROP NOW OFFICIALLY ESTIMATED AT ONLY 12.4 MILLION TONS; ARGENTINE, 1.1 MILLION TONS.

(2) MALAYSIAN PALM OIL OUTPUT IS FORECAST AT ONLY 1.65 MILLION TONS, A 100,000 TON DECREASE FROM EARLIER ESTIMATE REFLECTING THE DROUGHT. PHILIPPINE COPRA PRODUCTION IS EXPECTED TO DECLINE FROM THE 1976 RECORD. FISH MEAL/OIL EXPECTED TO REMAIN ABOUT 1976 LEVEL.

(3) MALAYSIA CURRENTLY ESTIMATING EXPORT PALM OIL TO U.S. AT 350,000 TONS IN 1977, OR ABOUT SAME AS 1976. DROUGHT CONDITIONS IN MALAYSIA, AND A \$5 INCREASE IN FREIGHT RATES TO U.S. WILL HOLD EXPORTS DOWN IN EARLY MONTHS. HOWEVER, IF SOYA/PALM OIL PRICE SPREADS INCREASE LATER IN YEAR AS EXPECTED, PALM OIL EXPORTS TO U.S. SHOULD INCREASE. U.S. PROTEIN MEAL PRODUCTION IN 1977 (INCLUDING FISH) FORECAST AT 31.1 MILLION TONS, 6 PERCENT BELOW RECORD LEVEL OF 1976, AND 5 PERCENT BELOW TREND.

4. THE MEETING HIT ON ONLY THREE SERIOUS POINTS OF CONTENTION:

(A) A DEBATE BETWEEN THE EC AND THE U.S., SUPPORTED BY OTHER EXPORTERS OF OILSEEDS AND OILS, OVER THE POTENTIAL UNCLASSIFIED

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EFFECT OF DAIRY MEASURES PROPOSED BY THE EC COMMISSION. THE EC OBSERVER FINALLY AGREED ON LANGUAGE THAT, QUOTE IF ADOPTED, SUCH MEASURES MIGHT AFFECT THE IMPORT AND CONSUMPTION OF VEGETABLE OILS IN THE COMMUNITY. UNQUOTE.

(B) THE INSISTENCE OF THE PHILIPPINES AND INDONESIA THAT QUOTE A MAJOR PROBLEM FACING THE MARKETS FOR OILSEEDS, OILS, FATS AND PROTEIN MEALS IS THAT OF INSTABILITY UNQUOTE. SEEKING TO AVOID PREJUDICING THE OUTCOME OF THE UNCTAD PREPARATORY MEETING ON OILSEEDS, THE U.S. DELEGATION GAINED ACCEPTANCE OF AN ALTERNATIVE FORMULATION WHICH IDENTIFIED A MAJOR PROBLEM QUOTE IN THE CURRENT YEAR UNQUOTE AS QUOTE IMBALANCE BETWEEN SUPPLY AND DEMAND UNQUOTE.

(C) THE DEMAND OF INDONESIA, BRAZIL AND THE PHILIPPINES THAT A REFERENCE TO AVOIDING RESTRICTIONS ON IMPORTS AND CONSUMPTION OF VEGETABLE OILS AND MEALS SPECIFY QUOTE ESPECIALLY THOSE OF DEVELOPING COUNTRIES UNQUOTE, WAS SOFTENED SOMEWHAT TO READ QUOTE TAKING PARTICULARLY INTO ACCOUNT THE INTERESTS

OF DEVELOPING COUNTRIES UNQUOTE.

5. A LOW-KEY REPORT BY A REPRESENTATIVE OF THE UNCTAD SECRETARIAT (COLEBROOK) TOOK NOTE OF SPECIAL ARRANGEMENT WHICH HAD BEEN MADE FOR FAO TO SERVICE THE UNCTAD PREPARATORY MEETING ON OILSEEDS AND VEGETABLE OILS, THROUGH, INTER ALIA, PREPARATION OF TECHNICAL DOCUMENTATION AND TECHNICAL SUPPORT OF THE UNCTAD MEETING BY FAO COMMODITY SPECIALISTS. WHILE NO DELEGATION COMMENTED ON THE UNCTAD REPORT, PER SE, THREE DEVELOPED COUNTRY DELEGATIONS (NORWAY, JAPAN AND THE UK, SPEAKING FOR THE EC) AS WELL AS MALAYSIA SUBSEQUENTLY INTERVENED TO SUPPORT FAO COOPERATION IN THE UNCTAD MEETING. NO DELEGATION OPPOSED THIS SUPPORT.

6. DISCUSSION OF THESE POINTS INVOLVED ONLY SHORT DEBATES AND THE SESSION CONCLUDED ITS DEBATE EARLY ON MARCH 9, DRAFTED REPORT MARCH 10, AND APPROVED TEXT MARCH 11. BEAUDRY
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